



**Resolution Plan for  
Citigroup Inc. & Citibank, N.A.**

**Section 1: Public Section**

**June 29, 2012**

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## I. Summary of Resolution Plan

This year marks Citi's 200th anniversary. Few institutions of any kind reach such a milestone, and we are proud and protective of this unique legacy. Since our founding in New York in 1812, Citi's role has always been to connect our clients to the world and to connect the world for our clients. We were the first major American bank to expand abroad and today are the world's most global financial institution. That expansion has always been driven by one imperative: to serve our clients' needs.

In the years prior to the financial crisis, Citi<sup>1</sup> expanded its business lines and became overly product-centered and had substantial losses when U.S. housing prices dropped precipitously. The U.S. government intervened to stabilize the entire financial sector, providing direct support for Citi and others, including making sizable investments via the Troubled Asset Relief Program (TARP). Citi remains extremely grateful to American taxpayers for their support and pleased that we were able to generate a \$12 billion return on their investment in our company.

Citi is today a fundamentally different institution than it was before the crisis: smaller, leaner, safer, sounder, and completely focused on our core mission. In fact, Citi is the only large American bank that has meaningfully shrunk since the crisis. Citi's strategy is based on the premise that size is dictated only by the needs and expectations of our clients. Our size and reach offer scale and efficiencies that our clients want. Our business lines, asset base, liquidity, reserves, head count and country presence are appropriately scaled to meet the financial services needs of large multinational clients and of retail, private banking, commercial, public-sector and institutional clients in the U.S. and around the world.

We at Citi have been strong proponents of financial reform—centered on three core principles of capital requirements, liquidity standards and resolution authority—to protect the safety and soundness of the financial system as a whole while eliminating "Too Big To Fail". We also support other principles, such as the central clearing of third-party derivatives, moving most derivatives to exchanges, and instituting greater transparency. And we have already put into practice these and other principles in our own operations, where practicable.

Since the crisis, we have increased our financial strength and liquidity, and it is unlikely that the resolution of Citi will ever be required. This steady build of resources will allow us to continue to operate and serve our clients through extreme stress scenarios without taxpayer support. At the same time, these increased resources also expand the range of options for the resolution of Citi if it ever were to become necessary, offering regulators great flexibility in choosing a resolution strategy that minimizes the adverse impact of Citi's failure on customers and U.S. financial stability. For example, Citi's strong capital and liquidity positions give regulators the opportunity to require the recapitalization of Citi's banking entities without government capital support, permitting them to serve their clients and customers without systemic disruption, under new management and ownership, even in a stress scenario involving a severe loss. These capital and liquidity levels are also sufficient to wind-down portions of our business or, in the event of an extremely unlikely economic catastrophe, the entire firm without causing systemic disruption.

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There are four core components to Citi's transformation:

- **Financial:** We have moved aggressively to strengthen our capital base. We have raised more than \$140 billion in capital since year-end 2007. Today, Citi's capital ratios are well above existing regulatory requirements. Citi's Tier I Capital ratio was approximately 14.3% at the end of 1Q'12—up from 7.1% at the end of 4Q'07, and well above the regulatory requirement of 6%. Citi's Basel I Tier 1

<sup>1</sup> For purposes of this document, "Citi" refers to the entirety of the corporate entity.

Common Capital ratio stood at 12.5% at the end of 1Q'12, up from 5.0% at the end of 4Q'07. Based on our understanding of the Basel III capital requirements<sup>2</sup>, our Tier I Common Capital ratio stood at 7.2% at the end of 1Q'12, which is already above proposed levels and well ahead of schedule, and we expect to be above 8% by the end of the year. Furthermore, Citi's overall and structural liquidity are significantly improved versus levels maintained during the crisis. At March 31, 2012, Citi's unencumbered aggregate liquidity resources of more than \$420 billion were approximately 66% higher than year-end 2008 and now represent nearly 22% of Citi's total asset base. As a result, Citi is now much less dependent on short-term funding from the capital markets than we were before the crisis. In addition, based on our understanding of the proposed requirements, we believe we are already compliant with the Basel III Liquidity Coverage Ratio ("LCR") even though the requirement does not come into effect until 2015.

- **Strategic:** Since the crisis, Citi has returned to our historic roots and to the strategy that built this company over the past 200 years. We shifted from a product-centered approach to one that puts our clients at the center of everything we do. Our extensive global network helps our clients enter new markets, expand in existing ones, and earn an increasing share of the growing trade flows within the emerging markets. We are also helping our customers pursue opportunities in the world's top 150 cities. Our focus has been on getting back to the basics of banking, practicing responsible finance, and serving clients, all while aiding in the economic recovery.
- **Structural:** In the midst of the crisis, we identified businesses that are core to our strategy and historic strengths – the remainder, approximately \$800 billion in business and assets, were identified for sale. In January 2009, we formally reorganized the company's management structure into Citicorp—our core consumer and institutional businesses—and Citi Holdings. As of 1Q'12, approximately 75% of the non-core assets housed in Citi Holdings have been sold or wound down and now represent less than 11% of Citi's balance sheet. We also streamlined and centralized our organizational structure. Within Citicorp, there are two central business lines—Global Consumer Banking and the Institutional Clients Group—organized into six regions, each with a CEO, and supported by seven global support and control functions. We have also consolidated nine depository institutions with more than \$200 billion of assets into our principal depository institution subsidiary, Citibank, N.A. ("CBNA"), reducing our number of U.S. domestic banks from 12 to 3.
- **Cultural:** Refocusing the strategy required restoring and renewing Citi's culture. The same culture that made this bank great—client-driven, focused on the basics, dedicated to serving the real economy, supporting the communities in which we are located—is the culture we are striving to rebuild. The heart of this transformation is what we call Responsible Finance. Before we enter into any transaction, we ask three questions:
  - Is it in the client's interest?
  - Does it create economic value?
  - Is it systemically responsible?

All three answers must be "yes".

As part of this transformation, we have:

- **Reduced our risk exposure** by reducing Citi's concentrated exposures, re-sizing risk limits, strengthening consumer underwriting standards, and building loan-loss reserves, with the cumulative effect of reducing overall full-year peak stress test losses by 40% since 2007 and reducing the projected stress test losses in the Citi Holdings portfolio by 69% from 2008;

<sup>2</sup> On June 7, 2012, the Federal Reserve Board issued proposed Basel III rules, and we are currently reviewing the impact the proposals could have on these capital ratios.

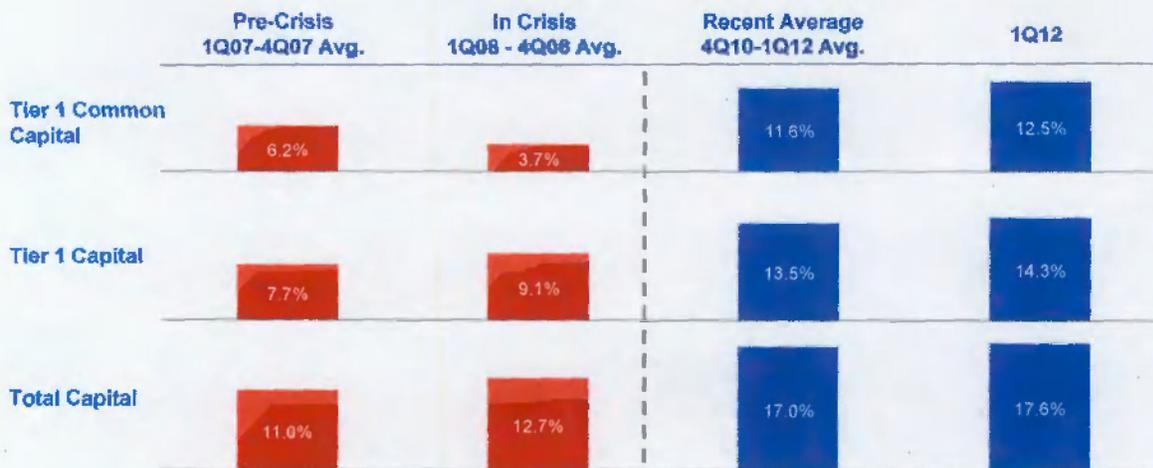
- **Enhanced our overall risk management practices** including enterprise-wide stress testing, capital and liquidity contingency planning, and overall risk governance;
- **Enhanced our governance and internal controls**, with the appointment of 11 (of 12 currently) new Citigroup Board members since mid-2007, the appointment of new management and Board for CBNA, and designating new leadership for the global compliance, internal audit and operational risk functions;
- **Built Common Processes and Platforms** and consolidated our Operations & Technology (“O&T”) assets into a reduced number of entities, such as Citigroup Technology, Inc. (“CTI”), which was created to house U.S.-based enterprise O&T assets and services;
- **Centralized our operational infrastructure** by building upon the foundation of a centralized integrated O&T group to support the enterprise, strengthening and consolidating Citi’s data management practices, focusing on resolving data availability, quality, and integrity issues, and on developing the organizational, management and technological foundations required to achieve best-in-class data management globally; and
- **Established a track record of execution** by being profitable for nine straight quarters, earning \$10.6 billion in 2010, \$11.1 billion in 2011, and \$2.9 billion during the first quarter of 2012. We have successfully executed against capital, liquidity, and asset sale goals, and have a sustainable earnings model. Management processes, and ongoing training and development programs are designed to promote effective execution.

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There is no more important duty for any bank than to ensure the institution's safety and soundness, primarily measured by capital strength and liquidity, coupled with strong risk management and vigilant dedication to protecting the franchise.

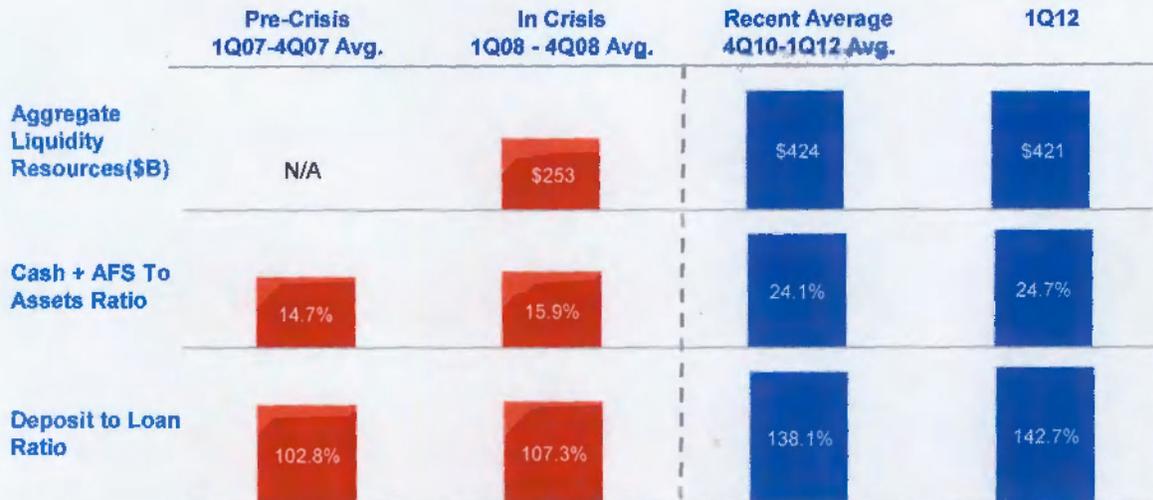
Citi’s current capital levels are well above existing regulatory minimums as well as triggers proposed by the Federal Reserve Board (“FRB”) as part of the early remediation requirements under Section 166 of the Dodd-Frank Act for Level 1 heightened supervisory review. The firm’s progress in improving capital levels has been consistent, as evidenced by its Basel I Tier I Common Capital ratio, which has improved in the last eight quarters, as shown in the following chart:

**Basel I Capital Ratio Trends 2007-2012**



In addition, as the following chart shows, Citi's 1Q'12 liquidity position has significantly increased since the onset of the financial crisis. Citi's aggregate liquidity resources, defined as cash and unencumbered highly liquid securities, was more than \$420 billion at 1Q'12 – approximately \$167 billion higher than December 2008 and as noted earlier, approximately 22% of Citi's asset base. In addition, cash and assets available for sale ("AFS") are now 24.7% of total assets, up from a pre-crisis level of 14.7% and Citi's deposit-to-loan ratio has increased from 102.8% pre-crisis to 142.7%.

**Citi's Liquidity Transformation**



Pre-Crisis Aggregate Liquidity Resource figures not available on a comparable basis; Aggregate Liquidity Resources in crisis is 4Q08

Accordingly, the reduction in illiquid assets (primarily from Citi Holdings), increased core deposit levels, and higher equity levels has resulted in a notable increase in Citi's ability to weather a severe liquidity stress event. As measured by its two primary hypothetical stress scenarios—one which considers a longer-term (i.e. one year survival horizon) structural market-based stress event, and a second that involves a shorter-term (i.e. 30-day) more severe, market event coupled with an idiosyncratic "loss of confidence" event—Citi believes it maintains sufficient liquidity resources to maintain its viability as a going concern under a wide variety of market conditions. Citi estimates its 1Q'12 structural funding surpluses – excess funds after stress losses - has increased by \$150 billion, as compared to March 2009. As a result of these efforts, we believe that our current liquidity position is one of the strongest in the industry.

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Preparation of resolution plans for Citigroup, (the Parent holding company), and CBNA entailed a rigorous, enterprise-wide process involving Citi's senior most management across Citi's businesses, O&T, Risk, Finance and Legal. At the conclusion of the process Citi is providing the information required, including:

- A. Citi's "Material Legal Entities" (defined below)
- B. Citi's "Core Business Lines" (defined below)
- C. Summary financial information regarding assets, liabilities, capital and major funding sources
- D. Citi's derivative and hedging activities
- E. Memberships in material payment, clearing and settlement systems

- F. Citi's foreign operations
- G. Citi's material supervisory authorities
- H. Citi's principal officers
- I. The resolution planning corporate governance structure and process related to resolution planning
- J. Citi's material management information systems
- K. Citi's resolution strategy including such items as the range of potential purchasers of the company's businesses and legal entities

As described in more detail in Part K, our resolution plan demonstrates that Citi can be resolved, should it be necessary, under Title I of the Dodd-Frank Act, without adverse systemic impact or use of taxpayer money, either through a recapitalization of CBNA by Citigroup, the Parent holding company, or through a wind-down or sale in an orderly manner, if necessary. We have also included a summary of the reasons Citi could readily be resolved under Title II of the Dodd-Frank Act without the use of taxpayer funds, based on the Title II Holding Company recapitalization plan recently put forward by the FDIC.

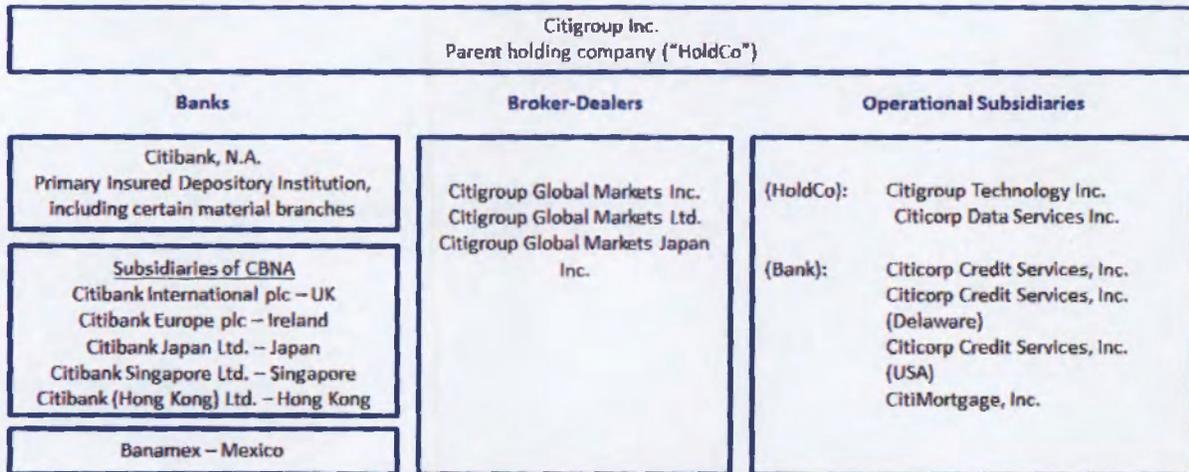
## A. The Names of Material Entities

The final rules implementing Section 165(d) of the Dodd-Frank Act define a Core Business Line (“CBL”) as a business, including its associated operations, services, functions and support that upon failure would result in a material loss of revenue, profit or franchise value of Citi. As described in the following section, Citi identified its CBLs based on analysis of several factors. Using these CBLs as the foundation for its analysis, Citi identified its Material Legal Entities (“MLEs”) using the definition provided by the rules, which includes an entity, including a subsidiary or foreign offices that is significant to the activities of a CBL.

At its most basic and simple level, Citi’s legal entity structure can be viewed as:

1. Banking activities conducted by CBNA, which accounted for approximately 69% of Citi’s assets at year end 2011;
2. Capital markets and banking activities conducted by its broker-dealers; and
3. O&T activities conducted by select subsidiaries.

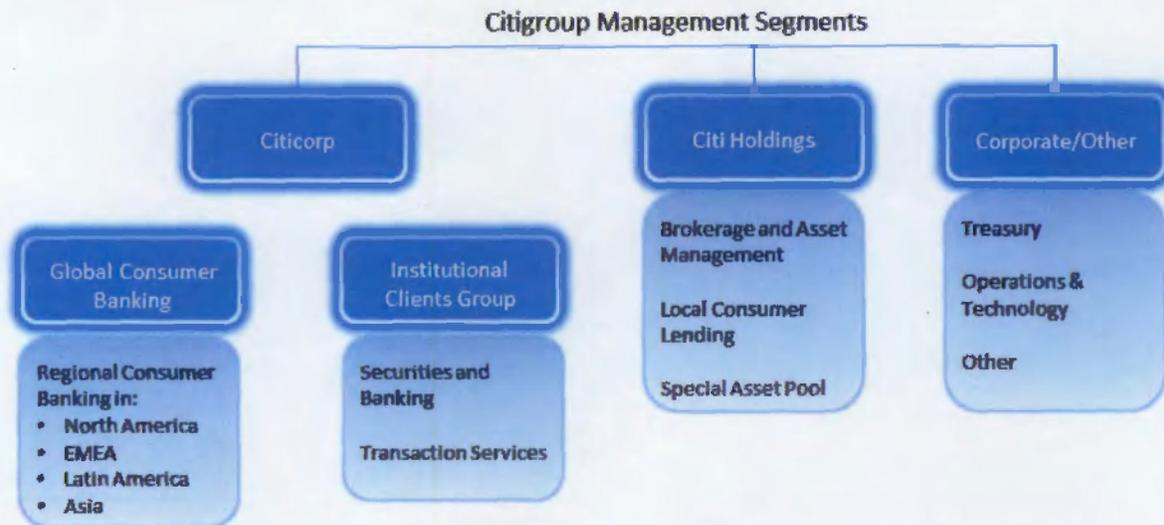
The chart below lists these MLEs. The MLEs for Citi and CBNA are the same.



## B. Description of Core Business Lines

As part of its return to basics, Citi's structure was revised to simplify and streamline management of its businesses. As a result, Citi is organized into three main management segments:

1. **Citicorp:** consists of Citi's Global Consumer Banking businesses and Institutional Clients Group – the business segments that are the core of our ongoing global banking strategy.
2. **Citi Holdings:** established in 2009, Citi Holdings consists of the activities that are not central to Citi's strategy. The assets in Citi Holdings are in the process of being sold off or wound down in an economically rational way.
3. **Corporate/Other:** consists of global staff functions (including Finance, Risk, Human Resources, Legal and Compliance), other corporate expense and global O&T expenses, Citi Corporate Treasury and corporate items and discontinued operations.



As mentioned in Part 1A above, a CBL is defined as a business, including its associated operations, services, functions and support that upon failure would result in a material loss of revenue, profit or franchise value of Citi. In developing the list of CBLs, our starting point was the businesses that are part of Citicorp, as those are deemed core to Citi's strategy. Citi continued its analysis, incorporating the following criteria, both quantitative and qualitative, to arrive at the list of CBLs for resolution planning purposes:

- Total assets, revenue and earnings;
- Market share and/or industry position;
- The characteristics of the customer base, geographic footprint, brand and operational synergies of the business with other Citi businesses;
- Growth outlook;
- The attractiveness of the business to competitors as a potential acquisition; and
- Maintenance of franchise value even in a resolution scenario.

For purposes of resolution planning, Citi has identified the following businesses as CBLs. Citi has not changed its strategy, nor the businesses housed in Citicorp which are conducted through three main

business lines: Transaction Services, Securities and Banking and Global Consumer Banking. The products and services listed below are CBLs for resolution planning purposes.

Transaction Services Core Business Lines	
With just over 3% of the global market share, Citi Transaction Services operates in highly competitive and fragmented markets. The Transaction Services products are highly substitutable and are offered by multiple players, both at the local and regional level and clients typically divide their activities among many providers.	
Global Payments	The Global Payments business offers four payment activities to clients of Citi's Institutional Clients Group in 104 countries: (i) same currency payments; (ii) cross-currency payments; (iii) Continuous Linked Settlement; and (iv) Automated Clearing House Payments
Global Liquidity and Investments	Global Liquidity and Investments provides liquidity management services and short-term investment products to clients of Citi's Institutional Clients Group

Securities and Banking Core Business Lines	
The businesses within Securities & Banking operate in highly competitive markets, with multiple providers offering similar services and products. These services and products are thus highly substitutable, and many clients have already diversified their use of these providers	
Corporate Loan Book	Corporate Loan Book is the loan portfolio that is part of Citi's Corporate and Investment Bank
Debt Capital Markets	Debt Capital Markets originates, structures, and syndicates securities and financing transactions in debt capital markets
Municipal Securities	Municipal Securities includes US public sector capital raising and advisory services, project financing and multi-family affordable housing financing, and conducts market-making activities in municipal securities and related derivatives
Global Foreign Exchange/Local Markets (FX/LM)	Global Foreign Exchange / Local Markets include foreign exchange spot, forwards and derivatives, as well as fixed income rate products in emerging market countries
Global Rates	Global Rates makes markets in G10 sovereigns and agency securities, and derivatives as well as secured finance products (repos, reverse repos, and securities lending)

Global Consumer Banking Core Business Lines	
In each local market that it operates, the customers of Global Consumer Banking have a variety of service providers and products to choose from, from local, regional or national retail banking and lending institutions.	
<u>Global Consumer Banking – U.S.</u>	
U.S. Retail Banking	U.S. Retail Banking provides traditional banking services to retail customers and small to mid-size businesses in the U.S
U.S. Consumer Mortgages	U.S. Consumer Mortgages is a nationwide lender and servicer of residential home mortgages and includes the mortgage assets that reside in both Citicorp and Citi Holdings. These assets are managed by CitiMortgage
U.S. Branded Cards	U.S. Branded Cards offers both proprietary and co-branded credit cards originated through direct marketing channels, partner websites or through the U.S. Retail Banking branch network
U.S. Retail Services	U.S. Retail Services partners with major national retailers as well as specialty retailers to provide credit card products to their customers
<u>Global Consumer Banking – International Consumer franchises</u> Mexico Hong Kong Singapore Japan	The International Consumer Banking businesses in Mexico, Hong Kong, Singapore and Japan provide traditional banking services to retail customers and small to mid-size businesses, along with credit card and mortgage products

Each CBL is conducted through one or more MLE identified in Part 1A. The CBLs for CBNA are the same as the CBLs for Citi, with the exception of Global Consumer Banking – Mexico. Citi's resolution plan addresses the resolution of each of these CBLs as required by regulators. As part of Citi's ongoing strategic and financial planning activities, the list of Citi's CBLs will be subject to ongoing evaluation.

## C. Summary Financial Information Regarding Assets, Liabilities, Capital and Major Funding Sources

### Financial Summary – Citigroup consolidated

Net Revenue (\$MM)	1Q 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012
Global Consumer Banking	\$ 9,554	\$ 9,793	\$ 9,963	\$ 9,865	\$ 10,014
Securities and Banking	6,022	5,482	6,725	3,194	5,275
Transaction Services	2,562	2,677	2,716	2,624	2,743
<b>Total Citicorp</b>	<b>18,138</b>	<b>17,952</b>	<b>19,404</b>	<b>15,703</b>	<b>18,032</b>
Corporate / Other	(81)	263	300	383	500
<b>Total Citicorp &amp; Corp / Other</b>	<b>18,077</b>	<b>18,215</b>	<b>19,704</b>	<b>16,086</b>	<b>18,532</b>
Total Citi Holdings	1,649	2,407	1,127	1,088	874
<b>Total Citigroup - Net Revenues</b>	<b>\$ 19,726</b>	<b>\$ 20,622</b>	<b>\$ 20,831</b>	<b>\$ 17,174</b>	<b>\$ 19,406</b>

Net Income (\$MM)	1Q 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012
Global Consumer Banking	\$ 1,920	\$ 2,019	\$ 2,013	\$ 1,720	\$ 2,188
Securities and Banking	1,711	1,194	2,142	(134)	1,289
Transaction Services	836	864	882	767	921
<b>Total Citicorp</b>	<b>4,467</b>	<b>4,077</b>	<b>5,037</b>	<b>2,353</b>	<b>4,398</b>
Corporate / Other	(479)	(134)	(74)	(41)	(312)
<b>Total Citicorp &amp; Corp / Other</b>	<b>3,988</b>	<b>3,943</b>	<b>4,963</b>	<b>2,312</b>	<b>4,086</b>
Total Citi Holdings	(957)	(811)	(1,221)	(1,314)	(1,024)
<b>Income From Continuing Operations</b>	<b>3,031</b>	<b>3,332</b>	<b>3,742</b>	<b>998</b>	<b>3,062</b>
Discontinued Operations	40	71	1	-	(5)
Net Income Attributable to Noncontrolling Minority Interests	72	82	(28)	42	126
<b>Citigroup's Net Income</b>	<b>\$ 2,999</b>	<b>\$ 3,341</b>	<b>\$ 3,771</b>	<b>\$ 956</b>	<b>\$ 2,931</b>

Balance Sheet (\$B)	1Q 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012
<b>Total Assets</b>	<b>1,948</b>	<b>1,957</b>	<b>1,936</b>	<b>1,874</b>	<b>1,945</b>
<b>Total Deposits</b>	<b>866</b>	<b>866</b>	<b>851</b>	<b>866</b>	<b>906</b>
<b>Citigroup's Stockholders' Equity</b>	<b>171</b>	<b>176</b>	<b>177</b>	<b>178</b>	<b>182</b>

### Capital Summary (Basel I)

	Dec. 31, 2011		Mar. 31, 2012
Tier 1 Common	11.80	%	12.50
Tier 1 Capital	13.55		14.26
Total Capital (Tier 1 Capital + Tier 2 Capital)	16.99		17.64
Leverage	7.19		7.55

## Financial Summary – CBNA

CONSOLIDATED STATEMENT OF INCOME (\$MM)	Year ended December 31	
	2011	2010
<b>Revenues</b>		
Interest revenue	\$54,294	\$58,135
Interest expense	12,529	13,212
<b>Net interest revenue</b>	<b>41,765</b>	<b>44,923</b>
<b>Total non-interest revenues</b>	<b>15,088</b>	<b>17,839</b>
<b>Total revenues, net of interest expense</b>	<b>56,853</b>	<b>62,762</b>
<b>Total provisions for credit losses and for benefits and claims</b>	<b>9,811</b>	<b>21,201</b>
<b>Total operating expenses</b>	<b>33,737</b>	<b>30,481</b>
<b>Income from continuing operations</b>	<b>10,391</b>	<b>8,795</b>
<b>Income (loss) from discontinued operations, net of taxes</b>	<b>202</b>	<b>(336)</b>
<b>Net income attributable to CBNA</b>	<b>\$10,509</b>	<b>8,424</b>

BALANCE SHEET (\$B)	December 31,	
	2011	2010
Total assets	1,289	1,275
Total deposits	880	844
Total Citibank stockholder's equity	151	151

## Funding Resources – Summary

Citi has one of the strongest liquidity profiles in the industry globally.

- Citi's balance sheet has been transformed over the past several years. As noted earlier, the balance sheet is structurally liquid with 24.7% of assets held as cash and AFS securities as of March 31, 2012.
- At the end of 1Q'12, Citi's liquidity buffer, or aggregate liquidity resources, totaled more than \$420 billion and represented the level of unencumbered cash and highly liquid securities available to support Citi's funding needs under various market conditions. Of this total, \$235 billion was held by Citi's most significant bank entities (including CBNA), \$93 billion was held at the Citigroup Parent holding company level and in Citi's broker-dealer entities, and the remaining \$93 billion was maintained by Citi's other bank and Banamex entities.
- In addition to these primary resources, Citi also maintains additional liquidity resources in the form of diversified high grade non-government securities. Like other banks, Citi also is eligible to access additional liquidity resources in the form of fully collateralized borrowing capacity at the FRB discount window, international central bank facilities and from various Federal Home Loan Banks.
- Citi also believes it is currently in compliance with the proposed Basel III LCR, even though this requirement is not proposed to take effect until 2015. The LCR is designed to ensure banks maintain an adequate level of unencumbered cash and highly-liquid securities that can be converted to cash to meet liquidity needs under an acute 30-day stress scenario. The proposed minimum requirement for LCR is 100%. Although still awaiting final guidance from its regulators, based on its current interpretation, understanding and expectations of the proposed rules, Citi estimates its 1Q'12 LCR was approximately 125%.

## Major Funding Sources

### Overview

Citi's funding and liquidity objectives are to maintain liquidity to fund its existing asset base as well as grow its core businesses in Citicorp. At the same time, Citi's objective is to maintain sufficient excess liquidity, structured appropriately, so that it can operate under a wide variety of market conditions, including market disruptions for both short- and long-term periods. These primary liquidity objectives are established by entity, and in aggregate, across three major categories:

1. The non-bank, which is largely composed of the Parent holding company (Citigroup) and Citi's broker-dealer subsidiaries (collectively referred to in this section as "non-bank");
2. Citi's significant bank entities, such as CBNA and its significant subsidiaries (collectively referred to in this section as "significant Citibank entities"); and
3. Other CBNA and Banamex entities.

At an aggregate level, Citi's goal is to maintain sufficient funding in amount and tenor to ensure that aggregate liquidity resources are available for these entities. Our liquidity framework requires that entities be self-sufficient or net providers of liquidity, including in conditions established under their designated stress tests.

Citi's primary sources of funding include (i) deposits via Citi's bank subsidiaries, which continue to be the most reliable and stable source of long-term funding, (ii) long-term debt issued at the non-bank level and certain bank subsidiaries (including long-term collateralized financings) and (iii) stockholders' equity, which supports both the bank and non-bank entities. These sources are supplemented by a modest amount of short-term borrowings, primarily in the form of secured financing transactions (securities loaned or sold under agreements to repurchase, or repos) and commercial paper at the non-bank level.

As previously referenced, Citi works to ensure that the structural tenor of these funding sources is sufficiently long in relation to the tenor of its asset base. The key goal of Citi's asset-liability management is to ensure that there is excess tenor in the liability structure so as to provide excess liquidity to fund the assets. The excess liquidity resulting from a longer-term tenor profile can effectively offset potential decreases in liquidity that may occur under stress. This excess funding is held in the form of aggregate liquidity resources. As described in Part 1A, as of March 31, 2012, Citi had aggregate liquidity resources of more than \$420 billion, almost 22% of its balance sheet.

Citi's aggregate liquidity resources are managed directly by Citi's Treasurer. Citi's Chief Risk Officer is responsible for the risk profile of our aggregate liquidity resources and Citi's Finance & Asset Liability Committee ("FinALCO"), which includes our President, Treasurer and other senior executives of the firm and is co-chaired by Citi's Chief Financial Officer and Chief Risk Officer, sets the strategy of the liquidity portfolio and monitors its performance. Significant changes to portfolio asset allocations need to be approved by the FinALCO.

### Deposits

As referenced above, deposits are the primary source of funding for Citi's bank entities. Specifically, from late 2008 through late 2009, as adjusted for foreign exchange, Citi had deposit growth during each quarter. Throughout this period, we also benefited from the diversification of our deposit base. During the periods of significant temporary reductions in our domestic deposit base, we generally saw increases in our international deposits and vice versa. Further, our experience during this time was that domestic and international deposits behaved similarly – that is there was no significant difference in the maximum percentage of temporary declines in our domestic versus our international deposits.

### Long-Term Debt

Long-term debt (generally defined as original maturities of one year or more) represents the most significant component of Citi's funding for its non-bank entities, amounting to 35% of the funding in the non-bank entities at the end of 1Q'12. The vast majority of this funding is comprised of senior term debt, along with subordinated instruments and trust preferred securities. At the end of 1Q'12, the total long-term debt outstanding at the non-bank entities was \$240.4 billion, while \$70.7 billion was outstanding at Citi's bank entities.

### Secured Financing

Secured financing is primarily conducted through Citi's broker-dealer subsidiaries to facilitate customer matched-book activity and to efficiently fund a portion of market making activities. At the end of 1Q'12, approximately 30% of the funding for Citi's non-bank entities, or \$226 billion, was from secured financings.

### Commercial Paper

We are now much less dependent on short-term funding from the capital markets than we were before the crisis, reducing our sensitivity to market stresses. Commercial paper issued by Citigroup Funding Inc., CBNA and other bank entities has declined \$118 billion from the first quarter of 2008 to approximately \$21 billion in the first quarter of 2012. Of that \$21.0 billion, approximately \$6.2 billion is outstanding at the non-bank entities with the remaining \$14.8 billion outstanding at the bank entities.

For a more detailed discussion of Citi's funding and liquidity, see Citigroup's 2011 Annual Report on Form 10-K ("2011 Form 10-K") and First Quarter 2012 Quarterly Report on Form 10-Q ("1Q'12 Form 10-Q") filed with the U.S. Securities and Exchange Commission on February 24, 2012 and May 4, 2012, respectively.

## D. Description of Derivative and Hedging Activities

### Overview

In the ordinary course of business, Citi provides clients with various approaches and products, including derivatives, to help manage their risks. Citi uses similar approaches and products to manage its own risks as part of its commitment to the ongoing safety and soundness of the company.

### Customer Needs

In order to meet the needs of its clients, Citi includes an appropriate range of derivatives in its product offerings. Citi's clients require a wide variety of risk management strategies, such as the need to transfer, modify or reduce interest rate, foreign exchange and other market/credit risks, as well as products for the clients' own permissible trading purposes.

Citi has strong controls in place to evaluate whether a particular product or strategy is appropriate for a client. As part of this process, Citi considers the risks associated with the transaction, as well as the client's business purpose for the transaction. Citi has stringent oversight of the activities associated with managing risks it might take in the course of offering derivatives to clients, such as booking offsetting trades. This oversight includes (i) centralized price verification; (ii) credit, market, operational, and stress limits and accounting; and (iii) frequent reporting of risks and stress results to senior managers and periodically to the Risk Management and Finance Committee of the Board of Directors.

### Hedging

As part of its commitment to manage the safety and soundness of the company, Citi utilizes a variety of strategies to manage certain risks that arise from the normal course of its banking activities. These risks include:

- Interest rate risk: natural mismatches can occur due to interest rate differentials between cash flows resulting from asset and liability businesses.
- Credit risk: Citi uses products designed to hedge credit exposures to clients, to limit losses from exposures to groups of similar client types, or to limit losses from exposures to certain countries or regions.
- Foreign Exchange risk: products are used to manage exposures to currency fluctuations related to investments made in non-U.S. subsidiaries or other non-US dollar assets.
- Client Facilitation risk: as noted above, client product offerings may include inherent balance sheet risk for Citi.

Citi's risk reduction strategies include the use of derivatives which are subject to strict controls, including a comprehensive set of policies and controls that specify the permitted use of Citi's legal entities and products, documentation, collateral management and risk limits. Risk Management provides oversight for the adherence to the credit, market, operational, stress and accounting limits that Citi has implemented. Risk Management also develops and conducts regular stress tests to ensure compliance with the specified risk tolerances.

Please see Citi's 2011 Form 10-K for a detailed discussion of our derivative and hedging activities.

## E. Memberships in Material Payment, Clearing and Settlement Systems

Financial market utilities, such as payment systems, exchanges, depositories and clearinghouses (Value Transfer Networks or "VTNs"), are key components of the financial markets infrastructure. These VTNs serve to link together Citi's uniquely broad global network which is the foundation of the core strategy of meeting the financial services needs of large multinational clients and for meeting the needs of retail, private banking, commercial, public-sector and institutional clients around the world. Similar to other large financial institutions, Citi participates and has membership in a number of payments, clearing and settlement systems, many of which are subject to regulatory supervision and local licensing requirements.

As part of its participation in various VTNs, Citi has in place rigorous risk management processes that manage both credit risk and operational risk. Citi has a Network Management Group that works with Risk Management to perform proper due diligence and credit risk evaluation/monitoring on all third party clearers. The Network Management Group also works with its clearing partners to process Citi's transaction flow to ensure it is being processed according to contractual terms and that Citi maintains appropriate business recovery capabilities to mitigate operational risk.

Citi also has in place the Payments Systems Risk Management group ("PSRM"), tasked with providing a consistent framework for assessing, measuring, approving, monitoring, reporting and mitigating risks related to VTNs. Payments systems risk is the risk to earnings or capital arising from Citi's involvement with VTNs that facilitate the transfer of value by providing trading, payments, clearing, settlement or depository services. Such services include funds transfer systems; securities and derivatives clearinghouses; securities depositories; consumer networks; and other VTNs that serve as equity, fixed income or derivatives exchanges. Listed below are some of the material systems to which Citi belongs:

### Payment Processing and Cash Settlement Systems

- MasterCard and Visa each serve as a critical link among financial institutions and businesses, cardholders and merchants worldwide, authorizing, clearing and settling billions of transactions daily.
- FedACH Services ("FedACH") provides financial institutions with efficient, batched payment services that enable an electronic exchange of debit and credit transactions through the Automated Clearing House ("ACH") network. The products include a wide range of transaction and information services that integrate with all Federal Reserve Financial Services and offer a variety of access and connectivity options. Owned and operated by the FRB, the ACH system exchanges batched debit and credit payments among business, consumer and government accounts. In addition, it processes pre-authorized recurring payments such as payroll, Social Security, mortgage and utility payments, and non-recurring payments such as telephone-initiated payments and the conversion of checks into ACH payments at lockboxes and points of sale. It also processes outbound cross-border ACH payments through the FedGlobal service.
- Clearing House Interbank Payments System ("CHIPS"), a U.S. payments system, is a service of The Clearing House Payments Company L.L.C. ("The Clearing House") which, in turn, is owned by the world's largest commercial banks. CHIPS is a large-value wire transfer payment system with real-time final settlement of payments. Payments become final on completion of settlement, which occurs throughout the day. CHIPS processes a large proportion of U.S. dollar cross-border payments and an increasing volume of U.S. domestic payments. CHIPS serves 50 domestic depository institutions and U.S. branches or agencies of foreign banks, representing 22 countries.
- Electronic Payments Network ("EPN") is an electronic payment system providing ACH services that is owned and operated by The Clearing House. The ACH system facilitates exchanges of batched debit and credit payments among business, consumer and government accounts. The system processes pre-authorized recurring payments such as payroll, Social Security, mortgage and utility payments,

and non-recurring payments such as telephone-initiated payments and the conversion of checks into ACH payments at lockboxes and points of sale.

- CLS Bank International ("CLS Bank") is a multi-currency cash settlement system. Through its CLS Settlement platform, CLS Bank settles payment instructions related to trades in FX spot contracts, FX forwards, FX options, FX swaps, non-deliverable forwards, credit derivatives and seventeen major currencies.

## Clearing Houses and Depositories

- LCH.Clearnet Limited ("LCH"): LCH is a central counterparty ("CCP") incorporated under the laws of England and Wales. It is also a Derivatives Clearing Organization in the United States and is subject to Commodity Futures Trading Commission ("CFTC") rules and the U.S. Commodity Exchange Act. LCH provides central counterparty clearing for a very wide range of products including commodities, equities, fixed income, swaps, and forex contracts.
- ICE Clear Europe ("ICE"): ICE is a London-based clearing house that is a subsidiary of Intercontinental Exchange. ICE operates exchanges, trading platforms and clearing houses for global trading in commodities, currency, credit and equity indices. ICE Clear Europe provides clearing and settlement services for all futures and options trades on the ICE Futures Europe exchange, as well as for over-the-counter swaps effected through ICE's global OTC markets products.
- Options Clearing Corporation ("OCC"): is a U.S. futures and options clearing agency. OCC is regulated as a clearing agency by the SEC with respect to clearing and settlement services for put and call options on common stocks and other equity issues, stock indexes, foreign currencies, interest rate composites and single-stock futures and by the CFTC with respect to clearing and settlement services for transactions in futures and options on futures. In addition, OCC provides central counterparty clearing and settlement services for securities lending transactions.
- National Securities Clearing Corporation ("NSCC"): a U.S. securities clearing agency, NSCC is a subsidiary of the Depository Trust and Clearing Corporation which, in turn, is owned by its users, including major banks, broker-dealers, and other financial institutions. NSCC provides clearing, settlement, risk management, central counterparty services and a guarantee of completion for certain transactions for virtually all U.S. broker-to-broker trades involving equities, corporate and municipal debt, American depositary receipts, exchange-traded funds, and unit investment trusts.
- Fixed Income Clearing Corporation ("FICC"): a U.S. securities clearing agency, FICC is a subsidiary of the Depository Trust and Clearing Corporation which, in turn, is owned by its users, including major banks, broker-dealers and other financial institutions. FICC operates two divisions, the Government Securities Division ("GSD") and the Mortgage Backed Securities Division ("MBSD").
- MBSD is a central counterparty and provides real-time trade matching, netting, and clearing services for the mortgage-backed securities market.
- GSD is a central counterparty and provides real-time trade matching, netting and clearing services for trades in U.S. Government debt issues, including repurchase agreements. Securities transactions processed by GSD include Treasury bills, bonds, notes and government agency securities.
- Euroclear Bank ("Euroclear") provides International Central Securities Depository (ICSD) services and settlement services for cross-border transactions involving domestic and international bonds, equities, derivatives and investment funds. Euroclear is a primary provider of settlement services for Eurobonds.
- The Depository Trust Company ("DTC") is a central securities depository providing depository and book-entry services for eligible securities and other financial assets to its participants, which are principally banks and broker-dealers. DTC processes the movement of securities for trades that are cleared and settled in the Continuous Net Settlement system operated by its affiliate NSCC;

processes transactions settled in Canadian dollars through its interface with CDS Clearing and Depository Services, Inc.; provides settlement services for institutional trades (which typically involve money and securities transfers between custodian banks and broker-dealers); and provides for the settlement of issuances and maturities of money market instruments.

### **International Messaging Utility**

**SWIFT:** The Society for Worldwide Interbank Financial Telecommunication, Société Coopérative a Responsabilité Limitée (limited co-operative society) ("SWIFT") is a member-owned co-operative. SWIFT provides a telecommunication platform for the exchange of standardized financial messages between financial institutions, between financial institutions and market infrastructures, and between financial institutions and their corporate clients. SWIFT's users or participants include banks, market infrastructures, broker-dealers, corporates and investment managers.

## F. Description of Foreign Operations

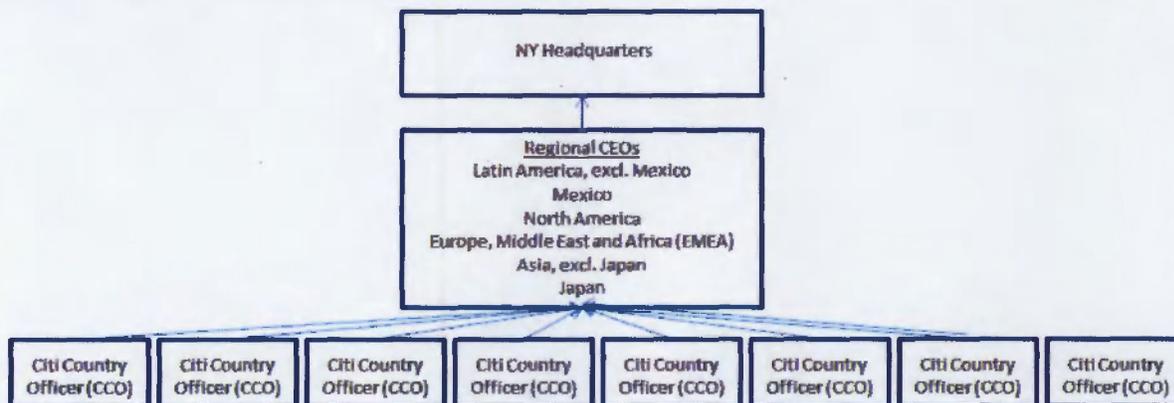
Citi started as a trade finance bank in 1812 enabling commerce between New York and Liverpool, and now has a presence in all major countries in the world. Citi's business strategy supports economic progress in the United States and globally by helping large and small companies build their businesses locally and internationally, and by helping consumers pursue opportunities wherever they may reside. Citi's international presence is scaled to serve the need of its clients, including governments and non-profits, by providing products and services in the locations requested by our clients.

### International Governance

Citi has in place a strong global framework of governance, management and oversight of the activities conducted in each country; supervision is effected by senior management in the product areas, the regions and the global function managers, as depicted below:



This international franchise management structure (“IFM”) ensures that there is a core set of processes, procedures, and guidelines to govern the international franchise. IFM plays an important role in balancing local franchise governance and management with overall institutional objectives by helping align local franchise objectives with global platforms and strategies.



As illustrated above, in every country where Citi has facilities, there is a Citi Country Officer (“CCO”) that serves as the lead representative of Citi in that country. The CCO’s responsibilities include protecting the Citi franchise and reputation as well as hosting Country Risk Management; managing regulatory relationships, ensuring appropriate controls (legal entity, compliance, legal and audit) are in place, managing liquidity and escalating any issues to senior regional management. CCOs report to Regional Heads who oversee activities in their respective regions.

## Financial Overview

In the first quarter of 2012, a majority of Citi’s revenue and income were earned from foreign operations. Citicorp, Citi’s central franchise<sup>3</sup>, generated more than half of its revenues and income outside the North America region<sup>4</sup>.

In connection with Citi’s efforts to maintain a diversified portfolio, Citi limits its exposure to any one geographic region, country or individual creditor and monitors this exposure on a continuing basis. The following table shows a breakdown of Citicorp’s financial results by geographic region as of March 31, 2012. As evidenced by the table, North America, overwhelmingly the U.S., is Citi’s largest region by a substantial amount.

GEOGRAPHIC REGION	REVENUES (IN MILLIONS OF DOLLARS)		NET INCOME FROM CONTINUING OPERATIONS (IN MILLIONS OF DOLLARS)		AVERAGE ASSETS <sup>5</sup> (IN BILLIONS OF DOLLARS)	
North America	7,187	40%	1,571	36%	593	42%
EMEA	3,226	18%	820	19%	295	21%
LATAM	3,647	20%	895	20%	167	12%
Asia	3,972	22%	1,112	25%	345	25%

Percentages may not total 100% due to rounding.

<sup>3</sup> As noted above, Citi operates for management reporting purposes via two primary business segments: Citicorp, consisting of Citi’s Global Consumer Banking businesses and the Institutional Clients Group, and Citi Holdings consisting of Brokerage and Asset Management, Local Consumer Lending and Special Asset Pool. See Citi’s Form 10-K for additional details.

<sup>4</sup> North America includes the U.S., Canada and Puerto Rico.

<sup>5</sup> Average assets are generally computed using daily general ledger balances; monthly or quarterly averages are used by certain subsidiaries where daily averages are unavailable.

### Europe, Middle East, and Africa (EMEA)

EMEA includes a diverse mix of developed and emerging markets. Citi's principal operations are in the UK which accounts for more than 34% of EMEA revenues (about 6% of Citi's total net revenue). The following table shows a breakdown of EMEA's financial results by business segment as of March 31, 2012.

BUSINESS SEGMENT	REVENUES (IN MILLIONS OF DOLLARS)		NET INCOME FROM CONTINUING OPERATIONS (IN MILLIONS OF DOLLARS)		AVERAGE ASSETS (IN BILLIONS OF DOLLARS)	
Securities & Banking	1,954	61%	512	62%	247	83%
Transaction Services	894	28%	315	38%	40	14%
Global Consumer Banking	378	12%	(7)	-1%	9	3%

Percentages may not total 100% due to rounding.

### Latin America (LATAM)

Citi has provided banking services in Latin America<sup>6</sup> since 1904, when it started operations in Panama. Citi's principal operations in Latin America are in Mexico, where its subsidiary bank, Banamex, is the second largest bank with over 1,700 branches. Mexico accounts for 47% of Citicorp's revenues in Latin America (about 9% of Citi's total net revenue). The following table shows a breakdown of LATAM's financial results by business segment as of March 31, 2012.

BUSINESS SEGMENT	REVENUES (IN MILLIONS OF DOLLARS)		NET INCOME FROM CONTINUING OPERATIONS (IN MILLIONS OF DOLLARS)		AVERAGE ASSETS (IN BILLIONS OF DOLLARS)	
Securities & Banking	755	21%	342	38%	63	38%
Transaction Services	451	12%	178	20%	23	14%
Global Consumer Banking	2,441	67%	375	42%	81	49%

Percentages may not total 100% due to rounding.

<sup>6</sup> Latin America includes Mexico.

### Asia (Asia Pacific and Japan)

Citi's legacy in the Asia Pacific region dates back more than a hundred years. Asia is composed of Asia Pacific, which includes Australia and New Zealand, and Japan (which for management purposes is a separate region reporting to headquarters). In Q1'12, Asia's largest revenue contributor was South Korea, accounting for approximately 11% of revenues (approximately 2% of Citi's total revenue). The following table includes a breakdown of Asia's net income from continuing operations by business segment as of March 31, 2012.

BUSINESS SEGMENT	REVENUES (IN MILLIONS OF DOLLARS)		NET INCOME FROM CONTINUING OPERATIONS (IN MILLIONS OF DOLLARS)		AVERAGE ASSETS (IN BILLIONS OF DOLLARS)	
Securities & Banking	1,218	31%	307	28%	163	47%
Transaction Services	757	19%	302	27%	57	17%
Global Consumer Banking	1,997	50%	503	45%	125	36%

Percentages may not total 100% due to rounding.

Because of the scope of our non-U.S. operations, the Resolution Plan addresses how such operations would be impacted in the event of failure at the Citigroup Parent holding company level, including how Transaction Services could continue to process payments for customers.

## G. Material Supervisory Authorities

### Overview

Citi is subject to regulation under U.S. federal and state laws, as well as applicable laws in the other jurisdictions in which it does business.

### Holding Company Supervision

As a registered bank holding company and financial holding company, Citigroup is regulated and supervised by the FRB.

### Subsidiary Banks

Citi's nationally chartered subsidiary banks, including CBNA, are regulated and supervised by the Office of the Comptroller of the Currency ("Comptroller") and its state-chartered depository institution by the relevant state's banking department and the FDIC. The FDIC also has back-up enforcement authority for banking subsidiaries whose deposits it insures. In addition, the FDIC has recently established the Office of Complex Financial Institutions ("OCFI") that is particularly focused on the recovery and resolution for large complex banks. Overseas branches of CBNA are regulated and supervised by the FRB and Comptroller and overseas subsidiary banks are regulated and supervised by the FRB.

Overseas branches and subsidiary banks are also regulated and supervised by regulatory authorities in the host countries.

### Broker-Dealers

Citi conducts securities underwriting, brokerage and dealing activities in the U.S. through Citigroup Global Markets Inc. ("CGMI"), its primary broker-dealer. CGMI is registered as a broker-dealer and as an investment adviser with the SEC, and as futures commission merchants and commodity pool operators with the CFTC. CGMI is also a member of the New York Stock Exchange, Inc. and other principal U.S. securities exchanges, as well as the Financial Industry Regulatory Authority ("FINRA"). CGMI is also a primary dealer in U.S. Treasury securities and a member of the principal U.S. futures exchanges.

Outside the U.S., Citi conducts similar securities activities, principally through Citigroup Global Markets Limited ("CGML") in London, which is regulated principally by the U.K. Financial Services Authority, and Citigroup Global Markets Japan Inc. ("CGMJ") in Tokyo, which is regulated principally by the Financial Services Agency of Japan.

## H. Principal Officers

### Principal Officers of Citigroup Inc.

- Stephen Bird, Chief Executive Officer, Asia Pacific
- Don Callahan, Chief Administrative Officer, Chief Operations & Technology Officer. Citigroup
- Michael L. Corbat, Chief Executive Officer. Europe, Middle East and Africa
- John C. Gerspach, Chief Financial Officer, Citigroup
- John Havens, President and Chief Operating Officer. Citigroup; Chief Executive Officer. Institutional Clients Group
- Brian Leach, Chief Risk Officer. Citigroup
- Eugene McQuade, Chief Executive Officer. Citibank, N.A.
- Manuel Medina-Mora, Chief Executive Officer. Citi Global Consumer Banking, and Chairman, Mexico and Latin America
- William J. Mills, Chief Executive Officer, North America
- Vikram S. Pandit, Chief Executive Officer. Citigroup
- Jeffrey R. Walsh, Controller, Chief Accounting Officer, Citigroup
- Rohan S. Weerasinghe, General Counsel, Corporate Secretary, Citigroup

### Principal Officers of Citibank, N.A.

- Ricardo Arroyo, Chief Financial Officer
- Eugene M. McQuade, Chief Executive Officer
- Loretta Moseman, Treasurer
- Anita Romero, General Counsel
- Patrick Ryan, Chief Risk Officer
- Joseph Smialowski, Chief Technology Officer

## I. Resolution Planning Corporate Governance Structure and Processes

Corporate governance and management oversight are fundamental to Citi's resolution planning processes and are conducted through a network of Board and senior management committees, legal entity and business line management structures and key functions. This network of committees, functions, legal entity, and business line management structures work together to support the development and implementation of Citi's resolution planning submission.

As noted in Section H, CBNA has its own governance and management structure with senior managers dedicated solely to the primary insured depository institution. In addition, CBNA has its own Board of Directors comprised of six directors, five of whom are not members of management. This governance framework plays a significant role in reinforcing the safety and soundness of CBNA.

As shown in the chart below, Citi has established executive management oversight for the resolution planning process and created a formal senior management working group to manage and implement the planning and development process.

Recovery and Resolution Planning Committee				
Mandate	<ul style="list-style-type: none"> <li>Oversee the ongoing recovery and resolution planning process;</li> <li>Oversee the protection of Citi's core business functions and operations in times of extreme stress;</li> <li>Approve the annual Plans on behalf of Citi's management for presentation to the Board of Directors</li> </ul>			
Membership	<ul style="list-style-type: none"> <li>CEO</li> <li>CFO</li> <li>CRO</li> <li>CAO, O&amp;T</li> </ul>	<ul style="list-style-type: none"> <li>CEO, CBNA</li> <li>CEO, Holdings</li> <li>CEO, ICG</li> </ul>	<ul style="list-style-type: none"> <li>General Counsel</li> <li>Vice Chairman</li> <li>Head, Regulatory Reform</li> <li>Treasurer</li> </ul>	<ul style="list-style-type: none"> <li>CEO, Global Consumer</li> <li>CEO, Securities &amp; Banking</li> <li>CEO, CTS</li> </ul>
Resolution Oversight Committee				
Mandate	<ul style="list-style-type: none"> <li>Approve resolution strategy and approach</li> <li>Oversee Plan development and execution</li> </ul>			
Membership	<ul style="list-style-type: none"> <li>CFO</li> </ul>	<ul style="list-style-type: none"> <li>CRO</li> </ul>	<ul style="list-style-type: none"> <li>Head, Regulatory Reform</li> </ul>	<ul style="list-style-type: none"> <li>Vice Chairman</li> </ul>
Program Management Office and Senior Working Group				
Program Management	Office of Recovery and Resolution Planning			
Membership/ Working Teams	<ul style="list-style-type: none"> <li>SFS</li> <li>TTS</li> <li>Securities &amp; Banking</li> <li>Regional Consumer Bank</li> </ul>	<ul style="list-style-type: none"> <li>Tech. Development</li> <li>Data Sourcing</li> <li>Data Governance/Integrity</li> <li>O&amp;T Strategy</li> </ul>	<ul style="list-style-type: none"> <li>CBNA</li> <li>Banamex</li> <li>EMEA (UK and Ireland)</li> <li>Asia (HK, Singapore, Japan)</li> </ul>	<ul style="list-style-type: none"> <li>Finance</li> <li>Risk</li> <li>Tax</li> <li>Treasury</li> <li>Compliance</li> <li>Legal</li> </ul>

The working group is comprised of senior executives from Risk, Finance, Treasury, Legal, Compliance, the Regulatory Reform Steering Committee as well as CBNA; additionally the group is supported by an extended team of executives throughout the organization. This working group is overseen by the Resolution Oversight Committee whose mandate is to provide senior level guidance on the Plan development and execution. This Oversight Committee provides regular updates to Citi's Recovery and Resolution Planning Committee ("RRPC") which, given the importance of resolution planning, includes the most senior levels of Citi management including the CEO, the CFO, the CRO, the General Counsel, the Head of Regulatory Reform Implementation and the business heads of each of Citi's core business segments. The RRPC also has the responsibility of approving the plan for submission to the Boards of Citigroup and CBNA for review and approval of submission to the FRB and the FDIC.

Finally, Citi has also established an Office of Recovery and Resolution Planning that is responsible for coordinating the development, execution and ongoing evolution of Citi's recovery plan as well as its resolution plan. First established in 2010, Citi intends the responsibilities of the Office to evolve and expand as over time, consistent with regulatory expectations.

As required by the Dodd-Frank Act, Citi's resolution plan has been approved for submission by the Boards of Directors of both Citigroup and CBNA.

## J. Description of Material Management Information Systems

Over the past three years, Citi has made significant investments to provide the organization with the business capabilities and information at the level of granularity required to support decision-making and reporting needs. This effort has consisted of the implementation of a standards-based data architecture, adoption of consistent data management practices across the enterprise and focus on data quality in order to provide the information to support business processes. Citi believes that these investments have resulted in substantial improvements in its material information systems, and is evidenced by strengthened planning, monitoring, reporting and analytical business capabilities. In addition to supporting management's day-to-day needs, Citi has utilized its improved data management capabilities to support the information needs associated with resolution planning.

Citi recognizes that the effectiveness of its material management information systems and quality of the firm's underlying data rests on well-defined organizational accountabilities, processes and standards, and has adopted an enterprise-wide data management policy that governs the manner in which systems are built and operated. A key component of this policy focuses on the need to adhere to data standards and targeted data quality objectives. Citi supports this policy through the use of a standard enterprise data quality measurement and management program.

### Material Management Information Systems

Citi's material management information systems have adopted an architecture that is built around the use of strategic data repositories, which serve as authoritative sources of information covering areas such as our customers, products, employees, and transactions. The following are examples of material information systems and capabilities that are based on this architecture.

#### Risk Management Critical MIS Platforms

- The Risk Measurement Analytics (RMA) system acts as the aggregator of wholesale credit data into a single reporting framework. RMA went into production in September 2009 and supports the production of Single Name Exposure Summary reporting.
- We have a strategic risk reporting portal that provides critical credit risk management capabilities such as access to facility, counterparty, financial and credit approvals, automation of end-to-end credit risk approvals and limit monitoring, and reporting.
- We have market risk monitoring and controls systems that include analytical tools required for the effective management of operational risk.
- We have an integrated system specializing in Commercial Banking, providing portfolio, risk MIS and early warning reporting capabilities.
- We have established strategic data repositories to meet Basel II and III calculation and reporting needs.

#### Treasury – Liquidity Management Critical MIS Platforms

- We have a platform used across businesses worldwide to monitor balance sheet asset and liability figures for the business entity.
- We have an application for calculating the daily net funding requirements of various legal entities. Users can upload, view and attest the cash flow information; the dashboard functionality provides the ability to monitor the data uploads and a stress testing module allows the capture and consolidation of various stress scenario information.

- We have an application that provides detailed books and records for contractual products (such as swaps, caps, floors, FRAs and swap options); it supports a variety of business as well as regulatory reporting requirements.

#### **Financial Planning & Analysis Critical MIS Platforms**

- We have a single franchise database for internal management reporting and external disclosures. The system provides a common information language for business performance measurement and reviews, and unifies and simplifies the demands for information, whether by legal entity, geography, or business unit.
- We have a standard reporting engine that brings together financial information to support U.S. statutory as well as global management reporting across all lines of businesses.

#### **Resolution Information System**

As part of its resolution planning preparation, Citi utilized its systems capabilities to build a data and analytics tool that provides financial, operational and external relationship data across Citi's MLEs and CBLs. This tool leverages the standards-based data architecture and is intended to make Citi's resolution plan a living plan with monthly and quarterly updates as well as to provide a streamlined method to answer questions relating to resolution. This tool incorporates the use of strategic data repositories, e.g. consolidated contracts, positions and balances information, and gives Citi and its regulators the ability to access the information that would be needed in a crisis situation. In addition, the functionality is an important strategic and analytic tool that supports Citi's ongoing processes to streamline and simplify its organizational structure, ultimately making Citi more resolvable.

## K. High-Level Description of Resolution Strategy

Each of the resolution strategies presented by Citi in its resolution plan are designed to ensure that key components of Citi's global banking network are able to operate during the period immediately following the failure of Citigroup, the Parent holding company, minimizing disruption of customers' access to their funds and property and permitting the ongoing processing of customer and counterparty transactions. In addition, under each of the strategies, parts or the whole of Citi would have a variety of potential buyers including non-U.S. global banks, large international regional banks, certain large U.S. banks and non-bank financial institutions.

### Title I Resolution Strategy

As required by the FRB and the FDIC and in line with the applicable regulations, Citi has prepared this resolution plan under the assumption that Citi's MLEs, including CBNA, have reached a point of non-viability due to an unforeseen financial loss or liquidity crisis that applies solely to Citi and not to other financial institutions or the market generally. The plan presents the regulators with multiple options for resolving Citi without using the resolution tools that are only available to the U.S. regulators under Title II of the Dodd-Frank Act. Citi's resolution plan identifies a variety of actions that could be taken, each of which demonstrates that Citi is resolvable in a manner that addresses potential systemic disruption in the U.S. or global financial markets without the use of taxpayer funds. Each of these "Title I Resolution Strategies" is designed to:

- Protect CBNA in the event of failure of Citi's other businesses;
- Minimize disruption to Citi's clients and to the financial markets more broadly;
- Enable the resolution of CBNA by the FDIC without taxpayer support; and
- Preserve the value of Citi's Core Business Lines to the greatest extent possible consistent with the foregoing objectives.

The basic features of the Title I options include:

- **Replacement of Senior Management and the Board of Directors.** Should Citi need to use its resolution plan, senior management as well as the Board of Directors would be replaced by the FDIC as required by the statute. Citi's Resolution Plan has continuity of business plans in place, along with experienced managers so that even in a resolution scenario, Citi could continue to serve its clients.
- **Recapitalization of CBNA.** One option for resolution contemplates that before failure of Citigroup the Parent Holding company, CBNA would be supported and, if necessary, recapitalized, by Citigroup the Parent holding company. After recapitalizing CBNA, Citigroup the Parent holding company would commence proceedings under Chapter 11 of the federal Bankruptcy Code. In this option, CBNA and Citi's other bank subsidiaries would continue in business on a going concern basis, likely without the need for formal resolution procedures, such as, for example, a receivership under the Federal Deposit Insurance Act ("FDIA") for CBNA. In this option, the preferred strategy would be to sell Citi's broker-dealers before the failure of Citigroup the Parent holding company, but, if that were not possible, they would be liquidated under the insolvency regimes applicable to each. In this option, Citi's core banking business would be separated from the failed Citigroup Parent holding company and broker-dealers businesses and continued as a smaller but recapitalized and viable banking institution.
- **Wind-down or Sale.** The second potential option would be to wind-down or sell Citi's operations in an orderly manner that affords customers continuity of service while they migrate to other service providers. Under this approach, Citi's businesses and assets are either sold or wound down in an

orderly fashion, leveraging Citi's capital resources to fully protect depositors and its liquidity resources to enable an orderly and deliberate wind-down of its activities. Citi personnel would be well equipped to assist regulators in the execution of such actions based on its experience in establishing Citi Holdings and reducing the size of the Citi Holdings portfolio over the past few years.

It is important to emphasize that the Title I resolution strategies are designed to address both the domestic and the international aspects of Citi's business and to ensure that key components of Citi's global banking network are able to operate during the period immediately following Citigroup the Parent holding company's failure. These strategies are also designed to minimize disruption of customers' access to their funds and property and to permit the ongoing processing of customer and counterparty transactions. Additionally, these strategies are designed so that losses would be borne by the shareholders of Citi and, to the extent necessary, subordinated and general unsecured creditors. Based upon its capital strength and asset quality, Citi can be resolved without taxpayer support.

As required by the applicable rules, Citi's Title I resolution plan describes the company's strategy for rapid and orderly resolution in bankruptcy during times of financial distress. It contains a strategic analysis of the plan's components, a description of the range of specific actions the company proposes to take in resolution, and a description of the company's organizational structure, material entities, interconnections and interdependencies, and management information systems. Citi's resolution plan submission addresses each of these requirements.

## **Title II Resolution Strategy**

In addition to describing alternatives available to the regulators under the Bankruptcy Code, as it is required to do under Section 165(d) of the Dodd-Frank Act, Citi's resolution plan also describes an alternative resolution approach under Title II of the Dodd-Frank Act (the "Title II Resolution Strategy"), in light of the fact that the FDIC has announced that it is currently evaluating a Title II approach that would accomplish the objectives identified above.

- Although it is not required under Section 165(d), in its plan, Citi shows it is resolvable under a Title II recapitalization in a manner that preserves business as going concern, fully protects depositors and prevents systemic disruption.
- Citi believes there are multiple scenarios under which it could be resolved using a Title II resolution strategy without the use of taxpayer funds. The preferred Title II resolution strategy, as recently described by U.S. regulators, is an approach that would involve resolution procedures being commenced solely with respect to the financial institution's holding company. The institution's bank and broker-dealer subsidiaries would be recapitalized with capital of the holding company and would continue as ongoing entities owned by a bridge holding company created under Title II of the Dodd-Frank Act. Once the ongoing business operations of the bridge holding company's subsidiaries were stabilized, the bridge holding company could return to the private sector as a viable, well-capitalized financial institution under new senior management and ownership, without the use of taxpayer funds.